GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1821
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IMPORT OF TEA FOR RE EXPORT
AJAY CHAKRABORTY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

:

(a) whether the Government are aware that the import of plantation commodities for re-export from the country by multinational companies has affected the indigenous plantation industry especially tea plantation adversely;

(b) if so, the details thereof;

(c) whether the Government propose to impose a temporary ban on import of plantation commodities for re-export from the country; and

(d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI RAJIV PRATAP RUDY)

(a)to(d): In the case of plantation commodities tea, coffee and rubber, the import of the commodities for re-export has not affected the domestic industry for the reasons given below:

In the case of tea, there is only one 100% Export Oriented Unit (EOU), and it is the only multinational company importing tea into India for the purpose of re-export after making some value addition. No tea imported by the company is sold in the domestic market. Import of tea for re-export has been allowed in order to increase the price competitiveness of Indian tea in the international markets and also to cater to the requirements of international buyers which will help in boosting the Indian tea export. The imported teas have also to conform to the quality parameters as prescribed under the Prevention of Food Adulteration Act (PFA). Moreover, the total quantum of tea imported into India is less than 2% of the total domestic production of tea.

In the case of coffee, import of coffee in green bean form is carried out by the Export Oriented Units (EOUs) who re-export the same as value added products, contributing to the foreign exchange earnings of the country. The annual average quantum of coffee imports during the last five years is only about 2% of the annual average export of coffee.

In the case of rubber, duty free import of natural rubber against advance licenses and for EOU/EPZ units is banned. There is no import of natural rubber into the country for re-export by the multinational companies.

In order to protect the Indian tea and coffee producers, the Government has increased the import duty on tea and coffee from 70% to 100%. In view of the position stated above, there is no proposal to ban import of tea and coffee for re-export from the country.